

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 089629

16

ORIGIN TRSE-00

INFO OCT-01 ARA-06 ISO-00 EB-07 AID-05 L-03 COME-00 PM-04

NSC-05 SP-02 SS-15 HEW-04 AGR-05 XMB-02 CIAE-00

INR-07 NSAE-00 /066 R

TX 387

DRAFTED BY TREAS:OASIA:I.R.KAYLIN:ACY

APPROVED BY EB/IFD/ODF:JWINDER

TREAS:OASIA:B.ZINMAN

TREAS:OASIA:J.BUSHNELL

ARA-MEX:GFALK

ARA-ECP:SROGERS

ARA-LA/MRSD:PBOUGHTON

----- 057312

R 140110Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

LIMITED OFFICIAL USE STATE 089629

E.O. 11652: N/A

TAGS: EAID, EFIN, IDB

SUBJECT: STATUS OF MEXICAN MILK LOAN REFORMULATION

1. IDB HAS FORWARDED TO U.S.G. ITS MEXICAN MILK LOAN
REFORMULATION PROPOSAL. REFORMULATION SATISFACTORY TO U.S.G.
EXCEPT FOR ISSUE CONCERNING PROVISION FOR MAXIMIZING
PARTICIPATION OF SMALL PRODUCERS. WE ARE URGING IDB TO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 089629

EXTEND PROPOSED TIME LIMIT DURING WHICH \$10 MILLION IN
CREDITS WOULD BE AVAILABLE FOR SMALL DAIRYMEN.

2. WE UNDERSTAND THAT MEXICAN AUTHORITIES ARE NOT READY TO ACCEPT SOME OF IDB RECOMMENDATIONS UNDER REFORMULATION LOAN.

3. WITH THESE QUALIFICATIONS IN MIND, HERE IS SUMMARY OF IDB PROPOSAL:

A. PARTICIPATION OF SMALL PRODUCERS: PROVISION IS BEING

MADE FOR SETTING ASIDE \$10.0 MILLION FOR USE OF MILKMEN NOW ESTABLISHED IN FEDERAL DISTRICT, WHO HAVE NO MORE THAN 60 HEAD OF CATTLE. IF THIS AMOUNT IS NOT COMMITTED WITHIN ONE YEAR OF FIRST DISBURSEMENT, THE BANK, ON BASIS OF A DOCUMENTED REQUEST FROM BORROWER, CAN AUTHORIZE UTILIZATION

OF FUNDS BY OTHER PARTICIPANTS. IN ADDITION, THERE ARE PERCENTAGE LIMITATIONS ON SIZES OF INDIVIDUAL INVESTMENT CREDIT SUB-LOANS WHICH ASSIGN 80 PERCENT OF FUNDS TO SUB-BORROWERS REQUESTING \$400,000 OR LESS. FINALLY, BANK MANAGEMENT HAS UNDERTAKEN TO SEE THAT WORKING CAPITAL SUB-LOANS, WHICH ARE BEING ENTIRELY FUNDED BY THE MEXICANS, ARE AVAILABLE TO SMALL PARTICIPANTS.

B. HEALTH OBJECTIVES AND ELIMINATION OF CATTLE FROM

FEDERAL DISTRICT: THERE IS A REQUIREMENT FOR A PLAN,

INCLUDING FINANCIAL ELEMENTS, TO COMPLETELY ERADICATE STABLES IN FEDERAL DISTRICT. PLAN IS TO BE CARRIED OUT WITHIN FOUR YEARS OF FIRST DISBURSEMENT.

C. CULLING OF UNHEALTHY CATTLE: UNITED STATES DEPART-

MENT OF AGRICULTURE ORIGINALLY ADVISED THAT NONE OF CATTLE FROM FEDERAL DISTRICT SHOULD BE INCLUDED IN NEW PROJECT. HOWEVER, A PROCEDURE FOR CULLING CATTLE HAS NOW BEEN SUGGESTED BY USDA EXPERTS AND ACCEPTED BY BANK MANAGEMENT. IN ADDITION, CULLING PROCESS IS TO BE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 089629

MONITORED BY A CONSULTANT HIRED BY THE BANK AND CONSULTANT WILL BE IN CONTACT WITH USDA EXPERTS REGARDING POINTS OF PROCEDURE.

D. QUALITY CONTROLS FOR IMPORTATION OF CATTLE: BANK

IS TO HIRE A CONSULTANT, SPECIALIZED IN HOLSTEIN CATTLE, TO INSURE THAT QUALITY STANDARDS ARE MET. U.S. DEPARTMENT OF AGRICULTURE HAS SUBMITTED NAMES OF SEVERAL CONSULTANTS TO BE INCLUDED IN A LIST FROM WHICH SELECTION WILL BE

MADE.

E. LEVELS OF INTEREST RATES: THE SPREAD OF RATES FOR

SUB-BORROWERS IS FROM 8 TO 12 PERCENT. BANK MANAGEMENT AGREES THAT LOWER-PRICED FUNDS SHOULD BE USED FOR SMALLER LOANS.

F. ELIMINATION OF QUERETARO SUB-PROJECT: THIS PARTICULAR SUB-PROJECT WHICH ENVISAGES ESTABLISHMENT OF STABLES FOR

UNHEALTHY BUT PRODUCTIVE CATTLE IN QUERETARO HAS BEEN ELIMINATED FROM PROGRAM. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILK, AGRICULTURAL PRODUCTION, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE089629
Document Source: CORE
Document Unique ID: 00
Drafter: OASIA:I.R.KAYLIN:ACY
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760140-1202
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760461/aaaacacm.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUL 2004 by coburnhl>; APPROVED <29 OCT 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STATUS OF MEXICAN MILK LOAN REFORMULATION
TAGS: EAID, EFIN, MX, IDB
To: MEXICO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006